

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)
regarding the regulatory review, revisions,)
determinations, and/or approvals necessary for) Case No. U-18261
CONSUMERS ENERGY COMPANY)
to fully comply with Public Act 295 of 2008)
and Public Act 342 of 2016)
_____)

At the January 23, 2018 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachel A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 31, 2017, Consumers Energy Company (Consumers) filed an application, with supporting testimony and exhibits, requesting approval of an energy waste reduction (EWR) plan pursuant to 2008 PA 295, as amended by 2016 PA 342, MCL 460.1001 *et seq.* for 2018 through 2021.

A prehearing conference was held on May 25, 2017, before Administrative Law Judge Dennis W. Mack (ALJ). The ALJ granted intervenor status to the Natural Resources Defense Council, the National Housing Trust, the Association of Businesses Advocating Tariff Equity, and the Residential Customer Group. The Commission Staff also participated in the proceeding. Subsequently, the parties filed a settlement agreement resolving all issues in the case on December 19, 2017. The parties filed an amended settlement agreement on January 12, 2018.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceedings, and should be approved.

THEREFORE IT IS ORDERED that:

A. The amended settlement agreement, attached as Exhibit A, is approved.

B. Consumers Energy Company's energy waste reduction plan, as modified by the amended settlement agreement, is approved as in compliance with 2008 PA 295 and 2016 PA 342.

Consumers Energy Company's energy waste reduction surcharges, as modified by the amended settlement agreement, are approved effective for the February 2018 billing period.

C. Within eight days of the date of this order, Consumers Energy Company shall file tariff sheets substantially similar to those contained in Attachment A to the amended settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of January 23, 2018.

Kavita Kale, Executive Secretary

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CONSUMERS ENERGY COMPANY)	
to fully comply with Public Act 295 of 2008)	
and Public Act 342 of 2016)	
_____)	

AMENDED SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Michigan Public Service Commission's ("MPSC" or the "Commission") Rules of Practice and Procedure, the undersigned parties agree as follows:

WHEREAS, on March 31, 2017, Consumers Energy Company ("Consumers Energy" or the "Company") filed an Application with supporting testimony and exhibits requesting approval of its 2018-2021 Energy Waste Reduction ("EWR") Plan pursuant to 2008 PA 295, as amended by 2016 PA 342, MCL 460.1001 et seq. ("Act 295"), and as directed by the MPSC.

WHEREAS, the initial prehearing conference in this proceeding was held on May 25, 2017. The parties to the case are Consumers Energy, the Commission Staff, the Natural Resources Defense Council ("NRDC"), National Housing Trust ("NHT"), Residential Customer Group ("RCG"), and the Association of Businesses Advocating Tariff Equity ("ABATE").

NOW THEREFORE, for purposes of settlement of Case No. U-18261, the undersigned parties agree as follows:

1. The parties agree that the Company's filed 2018-2021 EWR Plan should be approved as modified in this Settlement Agreement.

2. The parties agree that Consumers Energy will recover the electric and natural gas EWR Plan costs via the surcharges set forth on Attachment A to this Settlement Agreement. These EWR surcharges are the levelized surcharges for each customer class which are to be based upon and allocated between the classes proportionate to the level of investment in each class. The recovery of administrative and support service costs will also be allocated between the classes proportionate to the level of investment in each class. Consumers Energy is not requesting authorization to capitalize the EWR Plan costs proposed by the Company in this proceeding. The full surcharges (the sum of the approved plan component, low-income accounting adjustment, plus the approved performance incentive component) are set forth on Attachment A. The surcharges set forth on Attachment A are based on an assumed implementation in February 2018 customer bills. If the surcharges are implemented in March 2018 or later, they would have to be modified accordingly.

3. The parties agree that the energy savings targets for the Company will be based on the prior year weather-normalized sales methodology and will continue to include gas targets which are adjusted downward to reflect an amount of sales for large gas transportation customers commensurate with their share of revenue contribution. This downward adjustment treatment was approved by the Commission in Case Nos. U-16412, U-16670, U-17351, and U-17771, and the parties agree to the continued use of this adjustment for the years 2018 through 2019. Further, as addressed by the Commission in its March 28, 2017 Order issued in Case No. U-18260 et al. (p 12) the Company agrees to participate in a stakeholder collaborative initiated by Staff, with email notice provided to counsel for the parties in this proceeding, for the purpose of developing a uniform method for computing gas savings targets considering the

funding limitations for the large transportation-only class. The results of the collaborative may lead to changes to the saving targets in the Company's 2020-2021 EWR Plan proceeding.

4. The parties agree that Consumers Energy should be granted MPSC approval to continue the accounting practices previously authorized by the Commission in its approval of the Company's original Energy Optimization Plan, and the authority to roll-over any unused funds into the next plan year funding. Unused funds are to be rolled over and remain within the class to which they were allocated. If and when the Company is no longer required by law to have a Commission-approved EWR Plan, said unused funds shall be refunded to each respective class in the amount attributable to each class, subject to the annual contested case reconciliation proceeding for that final Commission-approved EWR Plan year.

5. The parties agree that Consumers Energy will display its residential low-income and multifamily low-income investments as individual line items in its EWR plans and reconciliations, and Consumers Energy will work with interested parties to this Settlement Agreement to explore options for tracking energy efficiency investments in individual multi-family buildings over time. Consumers Energy will implement the multifamily low-income program design enhancements set forth on Attachment B to this Settlement Agreement.

6. The parties agree that the metrics associated with the Performance Incentive Mechanism ("PIM") for both the electric and gas programs are provided on Attachment C of this Settlement Agreement. The metrics under the PIM will continue to be based upon both lifetime savings targets and supplemental metrics, and eligibility of the financial incentive is determined first by demonstrating achievement of the annual incremental energy savings thresholds established in Section 75 of Act 295, as amended by Act 342 of 2016. MCL 460.1075.

Consumers Energy will work with NHT and NRDC to transition the low-income multifamily performance metric to a more outcome-based metric (e.g. number of buildings completing comprehensive retrofits or percentage of buildings receiving whole building assessments that follow through with implementation of major measures or other options) as part of the Company's 2020-2021 EWR Plan filing. Consumers Energy will work with NRDC and Staff to assess future performance incentive metrics for small businesses as part of the Company's 2020-2021 EWR Plan filing. Consumers Energy will continue to work with NRDC and Staff on the development, implementation, and evaluation of the effectiveness of the Company's non-wires alternatives pilot program.

7. The parties agree that the Company will reduce the Light Emitting Diodes ("LEDs") Net-to-Gross ("NTG") factor in the Residential ENERGY STAR[®] Lighting program from 0.90 to 0.82 for LED lights in 2018. In 2018, Consumers Energy's evaluators will assess the LED Lighting NTG factor used in its Residential ENERGY STAR[®] Lighting program for application in 2019 and beyond. The updated NTG factor developed by the evaluation will take into account recent changes in the Michigan residential lighting market. In 2018, Consumers Energy's evaluators will also assess the impact of Energy Independence and Security Act ("EISA") standards on the baseline efficiency from which energy savings for affected LEDs are calculated, including (but not limited to) related effects on lifetime savings from affected LED products installed prior to the effective date of the EISA standards. The parties agree that the results of the assessment will be applied to calculations of expected lifetime savings from affected LEDs promoted through all of Consumers Energy's programs beginning in 2019. The parties further agree that the electric lifetime energy savings metrics in Attachment C to this Settlement Agreement will be updated to reflect the impact on the weighted average energy

savings measure life used to calculate the 2019 lifetime savings targets. The update will be included as part of the Company's 2018 EWR reconciliation filing.

8. The parties agree that energy savings from the Company's residential Home Energy Report Program will not account for more than the following percentages of first year residential electric and gas savings in each year:

	2018	2019	2020	2021
Electric	25%	20%	15%	15%
Natural Gas	18%	17%	15%	15%

Consumers Energy will include evaluation costs specific to the Home Energy Report Program when calculating the cost-effectiveness of the program. While Consumers Energy agrees to the above percentage caps for the purposes of settlement of this proceeding, Consumers Energy is not prohibited from including proposals related to the appropriate role and level of behavioral measures in future EWR Plan filings, including proposed alternatives to the above Home Energy Report Program percentage caps.

9. The parties agree the Company can invest in its EWR portfolio up to the levels outlined in Attachment D of this Settlement Agreement and that the Company should be granted authority to continue to reallocate up to 30% of the overall EWR budget by and within each class to ensure program flexibility for the more popular programs. With the exception of the multifamily program administered as part of the business class, which will not have such reallocation flexibility, reallocation will occur within the same service class. This reallocation was approved in Case Nos. U-16412, U-16670, U-17351, and U-17771, and is authorized by Section 71(4)(h) of Act 342.

10. The parties agree that Consumers Energy will continue to offer its Pay-My-Way Pilot as an energy efficiency pilot through 2019 in order to assess the energy savings and any ancillary benefits or costs of providing customers frequent feedback on their energy usage and costs. The Company will include its research and findings as part of its 2020-2021 EWR Plan filing and will not transition the pilot to a full-scale program until approved in that, or other future, proceeding.

11. The parties understand that Consumers Energy does not presently administer its EWR programs by tariff rate class or tariff rate code (“Tariff Rate”), but instead administers the program between classes designated as “residential” and “business.” The parties also understand that Consumers Energy does not presently track investments made in EWR programs by Tariff Rate, but does track recovery of EWR investment by Tariff Rate. The parties agree that Consumers Energy will begin collecting data which shows EWR investments by Tariff Rate no later than January 2018. Consumers Energy will include in future EWR plan and reconciliation proceedings, at least by the 2020-2021 EWR Plan filing, the data the Company collects showing (a) the total EWR investment by Tariff Rate, (b) the total revenue collected from the EWR surcharge by Tariff Rate, and (c) the total energy savings achieved by Tariff Rate. Until Consumers Energy begins filing this information, the Company will provide the participants in this proceeding with quarterly updates as to progress toward this end by teleconference following email notice provided to counsel for the parties in this proceeding. Beginning with the 2020-2021 EWR Plan filing, the Company will consider, with input from the parties, (i) alternative methods for allocating costs within the customer classes as presently administered in the EWR program, including classes defined by Tariff Rate, and (ii) including such allocation in the 2020-2021 EWR Plan filing.

12. This settlement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

13. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-18261. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. Except as otherwise set forth herein, the parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings, or appeals related thereto.

14. This settlement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

15. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

16. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.

WHEREFORE, the undersigned parties respectfully request the Commission to approve this Settlement Agreement on an expeditious basis and to make it effective in accordance with its terms by final order.


**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**

By: **Spencer Sattler**
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Date: January 11, 2018


CONSUMERS ENERGY COMPANY

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Date: January 12, 2018

**NATURAL RESOURCES DEFENSE COUNCIL
and
THE NATIONAL HOUSING TRUST**

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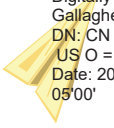
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RESIDENTIAL CUSTOMER GROUP

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Date: January 12, 2018

ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY

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Date: January 12, 2018

ATTACHMENT A

MICHIGAN PUBLIC SERVICE COMMISSION
CONSUMERS ENERGY COMPANY

Energy Efficiency Plan Surcharges

			(a)	(b)	(c)	(e)
	Description	Units	EE Plan Component ⁽¹⁾	Low-income Accounting Adjustment ⁽²⁾	2016 Performance Incentive ⁽³⁾	2018 Monthly Surcharges
	Electric Service (Consumers Plan)					
1	Residential	\$/kWh	\$ 0.002724	-\$0.000155	\$0.000394	\$0.002963
2	Small Secondary (0 to 1,250 kWhs per month)	\$/billing meter	3.00	0.07	0.22	3.29
3	Medium Secondary (1,251 to 5,000 kWhs per month)	\$/billing meter	16.92	0.39	1.26	18.57
4	Large Secondary (above 5,000 kWhs per month)	\$/billing meter	104.25	2.35	7.76	114.36
5	Small Primary (0 to 5,000 kWhs per month)	\$/billing meter	6.97	0.14	0.46	7.57
6	Small Medium Primary (5,001 to 10,000 kWhs per month)	\$/billing meter	53.64	1.11	3.58	58.33
7	Medium Primary (10,001 to 30,000 kWhs per month)	\$/billing meter	138.67	2.88	9.26	150.81
8	Large Medium Primary (30,001 to 50,000 kWhs per month)	\$/billing meter	266.44	5.46	17.64	289.54
9	Large Primary (above 50,000 kWhs per month)	\$/billing meter	1,409.98	28.66	93.53	1532.17
10	Lighting	\$/fixture	0.27	0.00	0.00	0.27
	Electric Service (Self-Direct Plan)					
11	Small Secondary (0 to 1,250 kWhs per month)	\$/billing meter	0.11	-	-	0.11
12	Medium Secondary (1,251 to 5,000 kWhs per month)	\$/billing meter	0.65	-	-	0.65
13	Large Secondary (above 5,000 kWhs per month)	\$/billing meter	3.87	-	-	3.87
14	Small Primary (0 to 5,000 kWhs per month)	\$/billing meter	0.20	-	-	0.20
15	Small Medium Primary (5,001 to 10,000 kWhs per month)	\$/billing meter	1.75	-	-	1.75
16	Medium Primary (10,001 to 30,000 kWhs per month)	\$/billing meter	4.52	-	-	4.52
17	Large Medium Primary (30,001 to 50,000 kWhs per month)	\$/billing meter	9.04	-	-	9.04
18	Large Primary (above 50,000 kWhs per month)	\$/billing meter	43.62	-	-	43.62
	Gas Service (Consumers Plan)					
19	Residential	\$/Mcf	\$ 0.220700	-\$0.0243	\$0.0274	\$0.2238
20	Small Business (0 to 100,000 Mcf per year)	\$/Mcf	0.262700	0.0423	0.0281	0.3331
21	Large Business (above 100,000 Mcf per year)	\$/Mcf	0.008700	0.0015	0.0009	0.0111
	Gas Service (Large Transportation Opt-Out Pilot)					
22	Large Business (above 100,000 Mcf per year)	\$/Mcf	0.001800	-	-	0.0018

(1) Based on February implementation.

(2) Four year low-income accounting adjustment as approved in Case U-17771

(3) As approved in Case No. U-18331

TECHNICAL TERMS AND ABBREVIATIONS (FOR ALL CUSTOMERS)**(Continued From Sheet No. A-29.00)****B. Company (Contd)**

Customer Voltage Level 2 – Service supplied either directly from the Company's distribution system when the voltage is 25,000 Volts or greater but less than 120,000 Volts or from this system through a Company-owned substation where, from the exits of the substation, the distribution equipment for supplying service is owned and maintained by the customer. Portions of the distribution system supply Customer Voltage Level 2 service at a voltage lower than 25,000 Volts, these customers are grandfathered into Customer Voltage Level 2.

Customer Voltage Level 3 – Service supplied from the Company's distribution system and the voltage is 2,400 Volts or greater but less than 25,000 Volts.

Customer Voltage Level 4 – Service supplied from the Company's distribution system and the voltage is less than 2,400 Volts.

Cycling – Alteration of the operating schedule of a customer's electrical air conditioner, heat pump or other qualifying device.

Energy and Demand Registering Meter – A device that registers customer kilowatt-hour use, peak demand and the on-peak demand.

Energy Efficiency Plan Surcharge (EE) - The EE Surcharge is permitted pursuant to Section 89 of 2008 PA 295 [and as amended in 2016 PA 342](#). Through the application of the EE Surcharge, the rates for distribution service are adjusted to allow for recovery of the cost of the energy ~~optimization~~ *waste reduction (EWR)* requirements included in 2008 PA 295 [and as amended in 2016 PA 342](#). (Annually, a reconciliation shall be conducted pursuant to Section 97 of 2008 PA 295 [and as amended in 2016 PA 342](#).) The approved EE Surcharges are shown on Sheet D-2.10.

Energy-Only Registering Meter – A device that registers customer kilowatt-hour use only.

Full Service Customer - A customer taking power supply and delivery service from the Company, even if on an irregular basis. With the exception of Wholesale Customers and Retail Open Access Customers, as defined in Rule E1.4(u) of the Company's Rate Book for Electric Service, customers are deemed to be Full Service Customers.

General Service Usage – Any use of electric energy that does not qualify for residential rates.

Hertz (Hz) – Cycle per second.

Horsepower (hp) – Unit of mechanical power equivalent to 746 watts of electrical power.

Industrial Usage for Emergency Electrical Procedures – Usage for application, other than those defined as residential or commercial, which qualify for a manufacturing industry code under the most current edition of the Standard Industrial Classification Manual and are associated with the manufacture of a product for sale including processing of a product from one form to another. It also includes usage for facilities directly associated with and on the same premises as the manufacturing business such as offices and warehouses.

Interval Data Meter – A device that registers customer kilowatt-hour use, peak demand, on-peak demand, and maximum demand.

Kilo (k) – Prefix meaning one thousand.

Kilowatt (kW) – Unit of electrical power representing rate of usage of energy, equivalent to about 1-1/3 Horsepower.

Kilowatt-hour (kWh) – Unit of electrical energy equivalent to the use of one Kilowatt for one hour.

Kilovolt-ampere (kVA) – Unit of apparent electrical power which at 100% Power Factor is equivalent to one Kilowatt.

(Continued on Sheet No. A-31.00)

Issued XXXX XX, XXXX by
Patti Poppe,
President and Chief Executive Officer,
Jackson, Michigan

Effective for bills rendered on and after
the Company's January 2018 Billing Month

Issued under authority of the
Michigan Public Service Commission
dated XXXX XX, XXXX
in Case No. U-18261

**SECTION C – PART II
COMPANY RULES AND REGULATIONS
(RENEWABLE ENERGY AND ENERGY EFFICIENCY FOR ALL CUSTOMERS)**

INTENT OF SECTION C - PART II

These Company Rules and Regulations are intended to implement the requirements of 2008 PA 295 and amendments of 2016 PA 342.

C10. RENEWABLE ENERGY PLAN (REP)

C10.1 Revenue Recovery Mechanism – REP Surcharge

A REP Surcharge shall be applied to each billing meter, luminaire or unmetered account served under the Company's Full Service Electric Rate Schedules to recover the incremental cost of compliance as approved by the Commission in the Company's Renewable Energy Plan. The REP Surcharge will be in addition to all charges and provisions of the customer's current applicable rate schedule. General Municipal Pumping customers shall be excluded from the REP Surcharge. The REP Surcharge shall not be applied to additional meters at a single site that were installed specifically to support net metering or time-of-day tariffs.

The monthly REP Surcharge to be applied to each rate schedule is shown on D-2.10 of this Rate Book.

The REP Surcharge shall be subject to adjustment as approved by the Commission in contested case proceedings to ensure the recovery of approved incremental cost of compliance associated with the Company's REP.

The REP Surcharge will appear as a line item on the customer's bill.

C10.2 Green Generation Program

A. The Green Generation Program is offered as authorized by the Commission in Case Nos. U-13843, U-12915, U-14031, U-15320, U-15433 and U-18047.

B. Energy Supply

The nature and quality of the service under the Green Generation Program is dependent on the availability of contracted renewable electric energy from renewable resources as secured by the Company. The Company's renewable resource portfolio shall conform to those technologies as provided for in 2000 PA 141, Section 10g(f) and to the energy certification standards selected by the Company. Requests for Proposals shall be issued as needed for the Green Generation Program and the Company shall enter into contracts with successful bidders based on the availability of funding from the Green Generation Program Fund, as more fully described herein. The amount of energy available to eligible customers from available renewable resources is limited by the amount of renewable energy secured under contract, the actual amount of energy delivered to the Company, and the availability of funding from the Green Generation Program Fund.

The Company will attempt, but does not guarantee, to provide customers with energy from certified Renewable Energy Suppliers. (Also see Section D, Customer Participation, and Section J, Company Termination of the Green Generation Program.)

(Continued on Sheet No. C-45.00)

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Jackson, Michigan

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(Continued From Sheet No. C-52.00)

Page: 4

C12. ENERGY EFFICIENCY (EE)

C12.1 Energy Efficiency Program – Electric

This rule implements the ~~e~~Energy ~~Optimization~~ ~~waste reduction~~ requirements of 2008 PA 295 *and as amended in 2016 PA 342* in accordance with Orders issued by the Commission in Case No. U-15805. The monthly Energy Efficiency surcharges to be applied to each ~~R~~-rate ~~S~~chedule are shown on Sheet No. D-2.10 of this Rate Book.

C12.2 Self-Directed Customer Plans

An eligible primary or secondary electric customer is exempt from the mandatory energy efficiency surcharge(s), with the exception of the surcharge funding low-income programs as well as review and evaluation costs, if the customer files and implements a self-directed energy efficiency plan.

A. Eligibility

- ~~(1) In 2009 or 2010, the customer must have had an annual peak demand in the preceding year of at least 2 megawatts at each site to be covered by the self-directed plan or 10 megawatts in the aggregate at all sites to be covered by the plan.~~
- ~~(2) In 2011, 2012, or 2013, the customer or customers must have had an annual peak demand in the preceding year of at least 1 megawatt at each site to be covered by the self-directed plan or 5 megawatts in the aggregate at all sites to be covered by the plan.~~
- ~~(3)~~ *(1)* In 2014 or any year thereafter, the customer or ~~C~~customers must have had an annual peak demand in the preceding year of at least 1 megawatt in the aggregate at all sites to be covered by the self-directed plan.
- ~~(4)~~ *(2)* The customer and sites covered by an implemented self-directed plan are not eligible to participate in any energy efficiency program of the Company.

B. Requirements

- (1) A customer with a self-directed plan is required to pay the self-directed customer program surcharge.
- (2) In its Order dated December 4, 2008, in Case No. U-15800, the Commission stated “A self-direct energy optimization plan shall be considered complete, and the customer exempt from the Company’s energy optimization surcharge in the next billing cycle after the start date for the first action item in the customer’s self-direct energy optimization plan. This applies to a customer with a single site or several sites aggregated together. The plan, including the implementation schedule and expected energy savings, must be attested to as true and accurate by a knowledgeable official of the customer. Customers must comply with the statutory self-direct plan reporting requirements to retain the exemption from the surcharge.” Additional information on self-directed plans is available to customers in Attachment E of that Order. ~~.*~~ *and Attachments A, B & C from the Order dated August 25, 2011 in Case No. U-16563.*
- ~~(3)*~~ The self-directed plan shall provide for aggregate energy savings that for each year meet or exceed the energy ~~optimization~~ ~~waste reduction~~ performance standards based on the electricity purchases in the previous year for the site or sites covered by the self-directed plan.
- ~~(1) Biennial incremental energy savings in 2008-2009 equivalent to 0.3% of total annual retail electricity sales in megawatt hours in 2007.~~
- ~~(2) Annual incremental energy savings in 2010 equivalent to 0.5% of total annual retail electricity sales in megawatt hours in 2009.~~
- ~~(3) Annual incremental energy savings in 2011 equivalent to 0.75% of total annual retail electricity sales in megawatt hours in 2010.~~
- (4) ~~Annual incremental energy savings in 2012, 2013, 2014, and 2015 and, subject to section 97, each year thereafter~~ *Incremental Energy Savings each year through 2021 are* equivalent to 1.0% of total annual retail electricity sales in megawatt hours in the preceding year.

(Continued on Sheet No. C-52.20)

Issued XXXX XX, XXXX by
Patti Poppe,
President and Chief Executive Officer,
Jackson, Michigan

Effective for bills rendered on and after
the Company’s January 2018 Billing Month

Issued under authority of the
Michigan Public Service Commission
dated XXXX XX, XXXX
in Case No. U-18261

SURCHARGES

Rate Schedule	Renewable Energy Plan Surcharge (Case No. U-17301) Effective beginning the July 2014 Billing Month⁽⁵⁾	Energy Efficiency Program Surcharge (Case No. U-1833118261) Effective beginning the January February 2018 Billing Month⁽³⁾	Energy Efficiency Self-Directed Customer Surcharge (Case No. U-1777118261) Effective beginning the January February 20162018 Billing Month⁽²⁾
Residential Rates	\$ 0.00/billing meter	\$ 0.002922 0.002963/kWh	NA
Rate GS, GSTU, and GSD ⁽¹⁾			
Tier 1: 0 – 1,250 kWh/mo.	\$ 0.00/billing meter	\$ 2.48 3.29/billing meter	\$ 0.06 0.11/billing meter
Tier 2: 1,251 – 5,000 kWh/mo.	0.00/billing meter	14.04 18.57/billing meter	0.34 0.65/billing meter
Tier 3: 5,001 – 30,000 kWh/mo.	0.00/billing meter	85.83 114.36/billing meter	2.04 3.87/billing meter
Tier 4: 30,001 – 50,000 kWh/mo.	0.00/billing meter	85.83 114.36/billing meter	2.04 3.87/billing meter
Tier 5: > 50,000 kWh/mo.	0.00/billing meter	85.83 114.36/billing meter	2.04 3.87/billing meter
Rate GP, GPD, GPTU and EIP ⁽¹⁾			
Tier 1: 0 – 5,000 kWh/mo.	\$ 0.00/billing meter	\$ 5.20 7.57/billing meter	\$ 0.12 0.20/billing meter
Tier 2: 5,001 – 10,000 kWh/mo.	0.00/billing meter	40.42 58.33/billing meter	0.97 1.75/billing meter
Tier 3: 10,001 – 30,000 kWh/mo.	0.00/billing meter	104.95 150.81/billing meter	2.55 4.52/billing meter
Tier 4: 30,001 – 50,000 kWh/mo.	0.00/billing meter	192.98 289.54/billing meter	4.51 9.04/billing meter
Tier 5: > 50,000 kWh/mo.	0.00/billing meter	1,027.37 1,532.17/billing meter	22.76 43.62/billing meter
Rate GSG-2	NA	NA ⁽⁴⁾	NA
Rate GML ⁽⁶⁾			
Tier 1: 0 – 1,250 kWh/mo.	\$ 0.00/billing meter	NA	NA
Tier 2: 1,251 – 5,000 kWh/mo.	0.00/billing meter	NA	NA
Tier 3: > 5,000 kWh/mo.	0.00/billing meter	NA	NA
Rate GUL ⁽⁶⁾⁽⁷⁾	0.00/luminaire	\$ NA 0.27/fixture per month	NA
Rate GU-XL ⁽⁶⁾	0.00/luminaire	NA	NA
Rate GU			
Tier 1: 0 – 1,250 kWh/mo.	0.00/billed account	NA	NA
Tier 2: 1,251 – 5,000 kWh/mo.	0.00/billed account	NA	NA
Tier 3: > 5,000 kWh/mo.	0.00/billed account	NA	NA
Rate PA	NA	NA	NA
Rate ROA-R, ROA-S, ROA-P	NA	As in Delivery Rate Schedule	As in Delivery Rate Schedule

All Surcharges shall be applied on a monthly basis. The customer's consumption will be reviewed annually in the January bill month. Following the annual review, the customer may be subsequently moved to the Surcharge level for their applicable rate for the next billing period based on the customer's average consumption for the previous year. In situations where no historical consumption is available, the monthly Surcharge level will be based on the lowest consumption category for the secondary rate schedules or the lowest consumption category for primary rate schedules. No retroactive adjustment will be made due to the application of the REP or EE Surcharges associated with increases or decreases in consumption.

⁽¹⁾ Municipal Pumping customers shall be excluded from the Renewable Energy Plan Surcharge.

⁽²⁾ An eligible customer who files and implements a self-directed plan in compliance with Rule C12 is required to pay the Energy Efficiency Self-Directed Program Surcharge.

⁽³⁾ An Energy Efficiency Program Surcharge ~~will be in effect for the period of the June 2009 Bill Month through the December 2018 Bill Month.~~ The amount may vary during specific months as authorized by the Michigan Public Service Commission. ~~Applicable cases include Case Nos. U-15805, U-16302, U-16303, U-16412, U-16670, U-16736, U-17281, U-17351, U-17601, U-17831, U-17771, U-18025 and U-18331.~~ The Company will file a new tariff sheet to reflect ~~the~~ any change in surcharges once the financial incentive recovery period has been completed.

⁽⁴⁾ Rate GSG-2 Customers are eligible to opt-in to the Energy Efficiency Electric Program Surcharge. A GSG-2 customer electing to participate in the Energy Efficiency Electric Program will be charged the GPD, Tier 5: > 50,000 kWh/mo rate per billing meter per month.

⁽⁵⁾ A Renewable Energy Plan Surcharge will be in effect for the period of the September 2009 Bill Month through the August 2029 Bill Month. The amount may vary during specific months as authorized by the Michigan Public Service Commission. Applicable cases include Case Nos. U-15805, U-16543, U-16581 and U-17301.

⁽⁶⁾ Customer-Owned lighting fixtures served on Rate GML, GUL and Rate GU-XL are eligible to opt-in to the Energy Efficiency Program Surcharge. A GML, GUL or GU-XL customer electing to participate in the Energy Efficiency Electric Program will be charged the applicable surcharge as shown for Rate GS, GSTU, and GSD or Rate GP, GPD, GPTU and EIP, as applicable, per participating account per month.

⁽⁷⁾ Rate Schedule GUL Company-Owned lighting fixtures shall pay the per fixture surcharge monthly as shown above.

Issued XXXX XX, 2018 by
Patti Poppe,
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Jackson, Michigan

Effective for bills rendered on and after
the Company's February 2018 Billing Month

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Michigan Public Service Commission
dated XXXX XX, 2018
in Case No. U-18261

SECTION C - PART II
COMPANY RULES AND REGULATIONS
(ENERGY EFFICIENCY FOR ALL CUSTOMERS)

C9. ENERGY EFFICIENCY

C9.1 Energy Efficiency Program - Gas

This rule implements the ~~e-Energy Optimization~~ waste reduction (EWR) requirements of 2008 PA 295 and as amended in 2016 PA 342 in accordance with Orders issued by the Commission in Case No. U-15889 and U-18261. The monthly Energy Efficiency surcharges to be applied to each rate schedule are shown on Sheet No. D-1.10 of this Rate Book. Customers served on the Customer Choice program or with aggregated accounts under Rule C4.7 shall pay the applicable surcharge based on the selected distribution Rate Schedule.

Issued XXXX XX, XXXX by
Patti Poppe,
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Effective for bills rendered on and after
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Michigan Public Service Commission
dated XXXX XX, XXXX
in Case No. U-18261

SURCHARGES

Each Rate Schedule may be subject to Rule No. C8., Customer Attachment Program.

Rate Schedule	Energy Efficiency ⁽¹⁾ Program Surcharge (Case No. U- 18331 /18261) Effective beginning the ⁽²⁾ January February 2018 Billing Month	Energy Efficiency Large Gas Transportation Opt-Out Pilot Program Surcharge (Case No. U-16670) ⁽³⁾
Rate A	\$0.2157 0.2238/Mcf	NA
Rate A-1	0.2157 0.2238/Mcf	NA
Rate GS-1	0.2155 0.3331/Mcf	NA
Rate GS-2	0.2155 0.3331/Mcf	NA
Rate GS-3		
0 – 100,000 / Year	0.2155 0.3331/Mcf	NA
> 100,000 / Year	0.0070 0.0111/Mcf	NA
Rate GL	NA	NA
Rate ST		
0 – 100,000 / Year	0.2155 0.3331/Mcf	NA
> 100,000 / Year	0.0070 0.0111/Mcf	\$0.0018/Mcf
Rate LT		
0 – 100,000 / Year	0.2155 0.3331/Mcf	NA
> 100,000 / Year	0.0070 0.0111/Mcf	0.0018/Mcf
Rate XLT		
0 – 100,000 / Year	0.2155 0.3331/Mcf	NA
> 100,000 / Year	0.0070 0.0111/Mcf	0.0018/Mcf
Rate CC	Per applicable distribution Rate Schedule	NA

⁽¹⁾ All surcharges shall be applied on a monthly basis. The customer's consumption will be reviewed annually in the January bill month. Following the annual review, the customer may be subsequently moved to the surcharge level for their applicable rate for the next billing period based on the customer's average consumption for the previous year. No retroactive adjustment will be made due to the application of EE surcharges associated with increases or decreases in consumption.

⁽²⁾ An Energy Efficiency Program Surcharge ~~will be in effect for the period of the June 2009 Bill Month through the December 2018 Bill Month. The~~ amount may vary during specific months as authorized by the Michigan Public Service Commission. ~~Applicable cases include Case Nos. U-15889, U-16302, U-16303, U-16412, U-16770, U-16736, U-17281, U-17351, U-17601, U-17831, U-17771, U-18025 and U-18331.~~ The Company will file a new tariff sheet to reflect ~~the~~ any change in surcharges once the financial incentive recovery period has been completed.

⁽³⁾ Gas Transportation customers on Rate ST, LT or XLT using more than 100,000 Mcf per year may be eligible to opt-out of the Energy Efficiency program. Eligible customers who elect to opt-out of the Energy Efficiency program will pay the Energy Efficiency Large Gas Transportation Opt-Out Pilot Program surcharge per Mcf on a monthly basis. Eligibility is determined solely by the Company and is dependent upon terms and conditions of the Energy Efficiency Large Gas Transportation Customer Opt-Out Pilot Program as authorized in the April 17, 2012 order in Case No. U-16670.

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ATTACHMENT B

Multifamily Program Enhancements

2018 – 2021 (U-18261)

Program Description

Historically, the multifamily housing sector has faced numerous challenges to providing a seamless, one contact experience. To address this challenge, beginning in 2016, Consumers Energy extended its Multifamily Program offering to include a one-stop shop for Multifamily property owners. This strategy included adding the affordable housing sector. The affordable housing definition includes both public, subsidized, and unsubsidized affordable housing. To keep the focus on a simplified and seamless participation experience, energy efficiency services will continue to be provided through one implementation contractor.

Another internal challenge we plan to address is program investment allocations. While receiving service from Consumers Energy will still be a participation requirement, historically, the multifamily customer's utility rate (residential or business) would determine if funding was being provided by the portion of company's residential or business program budgets within the Multifamily program. To address this issue, we will no longer use the utility rate code to determine eligibility. Instead, multifamily properties with three or more units will be eligible to participate regardless of whether they are on a residential or business rate. The Multifamily Program provides benefits to both residential (tenants) and business customers (property owners) and therefore all program investment should be considered in total to serve customers, not a utility rate.

The program is intended to assist two primary customer segments; 1) market rate and 2) low income multifamily property owners and tenants. The goal is to help these customers understand their buildings energy use, achieve immediate energy savings through no-cost direct install measures, and move beyond initial measures to deliver investment in prescriptive and/or custom measures in order to achieve deeper energy savings. This approach will help to move property owners along in their energy efficiency journey and enable easy engagement with the program, depending on what energy efficiency services they are seeking. The program will seek to drive property owners to achieve maximum savings possible by offering seamless access to incentives for energy efficiency upgrades, regardless of the income status, rate class or fuel type. In single-fuel areas, Consumers Energy staff will collaborate with other utility program staff to help provide a comprehensive energy efficiency solution.

Properties will have access to incentives for both in-unit tenant spaces and common area spaces. The allocation of energy savings between these spaces, fuel types and rate classes will occur "behind the scenes" in order to avoid any customer confusion and provide for an exceptional participation experience.

This One-Stop Shop approach will be achieved using existing proven approaches and best practices, as well as new program design features.

Existing Features:

- Whole–building approach to savings through prescriptive & custom measures
- Identification and direct outreach to multifamily properties
- Building Assessment that includes an Energy Savings Report – this will be offered to every property, however, property owners can still forgo the assessment if they choose
- Direct install of energy saving electric and natural gas products – will continue to be offered covering 100% of the incentive
- Guidance through the process and paperwork from an assigned energy advisor
- Multiple Measure Bonus of 15% will be offered to properties that complete retrofits within at least two measure categories

New Features for Multifamily Low income:

Program Design

- Subsidized and unsubsidized multifamily budgets will be combined and treated as one budget for low income customers, indifferent of the rate or subsidies that the customer may or may not receive. Low income is defined as follows: Properties with 66% or greater of tenants living at or under 200% of the federal poverty level and/or properties participating in affordable housing programs under HUD, USDA, LIHTC, or other entities.
- For low income properties that are commercial master metered or are LIHTC applicants, program staff will provide benchmarking results to the property owner/manager from ENERGY STAR® Portfolio Manager of the past twelve months of energy usage

Program Incentives

- Direct install measures, when installed by program staff, will continue to be provided free of charge, regardless of who pays the utility bill.
- Low income incentive levels for in-unit measures that reduce tenant-paid utility bills (in-unit electric measures, in-unit DHW system improvements, and/or in-unit heating system where tenants are paying for heat), will cover at least 40% of total cost (including both equipment and labor), and will average 50 - 60% of total project cost
- Low income incentive levels for envelope measures or for measures that reduce property owner-paid utility bills (common area, central building systems, or in unit owner-paid building systems, as well as in-unit measures in master-metered buildings) will cover at least 20% of total cost (including both equipment and labor), and will average 40 - 50% of total project cost

The level of incentives per building will be flexible depending on the nature of the savings opportunities in the building and the severity of the barriers faced by the building owner in addressing those opportunities, but will not be less than stated above.

Energy Savings & Incentive Investment

a) Multifamily Low Income Projected Energy Savings

Program Year	MWh		Mcf	
	First Year	Lifetime	First Year	Lifetime
2018	2,286	28,196	32,905	386,283
2019	2,286	28,196	32,905	386,283
2020	2,732	34,882	42,875	493,078
2021	2,732	34,882	42,829	492,288

b) Multifamily Low Income Projected Incentive Investment

	2018	2019	2020	2021
Low Income (includes public, subsidized and unsubsidized housing)	\$4.8M	\$4.8M	\$5.8M	\$5.8M

Utility Performance Metrics

Meeting the following utility performance from the Multifamily low income program will enable the Company to claim 10% of its shareholder incentive:

1. In each program year, 2018-2021, Consumers Energy agrees to spend the entire budget as outlined above on low income multifamily properties.
2. In each program year, 2018-2021, the table below lists the minimum and maximum levels associated with providing an energy assessment to properties that receive incentives.

Program Year	Performance Requirements*	
	Minimum %	Maximum %
2018	23%	28%
2019	33%	38%
2020	38%	43%
2021	43%	48%

*Details on weighting of this performance metric will be included in overall Energy Efficiency Plan Performance Metrics worksheets (electric and gas) that will be provided as part of final settlement agreement documents.

3. We will revisit the multifamily low-income utility performance metrics in 2020-2021 refiling, once a baseline has been established, in order to continue moving toward more outcome-based metrics.

Project Level Data (a “project” = a “property” for reporting purposes)

- Projects, buildings, and units served – for a single property all savings and measures will be reported together
 - # projects, buildings and units paid
- % of projects that received benchmarking services from the Landlord Portal
- % of projects that received an energy assessment from the program (excluding LIHTC properties that received an ASHRAE Level 2 Audit)
- % of projects that received an ASHRAE Level 2 Audit
- % of projects that installed 2 or more prescriptive or custom measures
- Subsidized and Unsubsidized properties participating: In order to have the ability to track subsidized and unsubsidized properties served, a check box will be added to the application where the property owner/manager will self-identify property type

Measure Level Data

- # of Projects reported above that received incentives in the following categories:
 - HVAC
 - Insulation
 - Lighting
 - Domestic Hot Water
 - Custom
- Total # of installations, in the Projects reported above, for each DI measure
- % of Projects that participated only in DI
- % of Projects that received only prescriptive or custom incentives
- % of projects that received both direct install and prescriptive and/or custom incentives

Investment Data

- Paid incentives
 - Total electric incentives paid to projects
 - Total gas incentives paid to projects
- Consumers will report total non-incentive budget (by fuel) for low-income Multifamily program.
- Incentives as a portion of total actual or estimated project cost (including both materials and labor)
 - Average % of project total cost covered by incentives (exclusive of direct install)

Savings Data

- MWh savings achieved
 - Total savings achieved in paid projects
- Mcf savings achieved
 - Total savings achieved in paid projects

Outreach Data

- # of phone program inquiries by qualified owners/managers
- # of electronic program inquiries received in general email inbox or Hubspot responses
- # of site visits completed by outreach staff

Reporting for Low income Multifamily on a bi-annual basis:

Reporting timeline – The first bi-annual report will be issued no later than 8/15 of the current program year, and include data from 1/1 through 6/30 of the current program year, and the second report will be issued no later than April 1 following the program year end, and include data from 7/1 through 12/31 of the reported program year.

Description of Services

Customer Qualification & Acquisition

Energy Advisors from the program team will engage in focused, proactive outreach activities to identify qualifying properties. Energy Advisors will be responsible for:

- Educating property managers about the program and its benefits
- Facilitating the property owner/manager's participation in the program, beginning with Building Assessment, along with scheduling Direct Install, and identifying and supporting the property owner/manager through prescriptive/custom projects

The following sources may be used to identify and target low income participants:

- Low Income Housing Tax Credit Applicant Information (LIHTC)
- Census Tract data
- Low Income housing providers
- Housing Authorities
- HUD
- MSHDA

Other sources may be used that are not otherwise listed above.

Project Management

The Building Assessment will identify larger energy saving projects requiring property owner investment and trade ally participation. Energy Advisors and Engineers will provide project management support through the following methods:

- Support prioritizing projects based on the property owner's criteria (payback, cost, incentives) – this information will be available through the Energy Savings Report
- Assistance identifying and connecting owners with local trade allies
- Assistance completing the incentive application
- Post inspection of completed projects*
- Referrals to program partners for available financing options

*Note: Due to the large volume of projects received in a program year post inspections cannot be completed on 100% of projects. Inspections will be conducted according to the guidelines in the Policies and Procedures manual.

Building Assessment and Energy Savings Report

Some property owners will receive a Building Assessment of their property with opportunities identified delivered in an Energy Savings Report. The on-site building assessment will include:

- Entry into attics, crawlspaces, and roofs

- Review of construction documents (if available)
- Blower door tests (if applicable)
- Conversations with operations and maintenance staff

Upon completion of the on-site Building Assessment the property owner/manager will receive a written and/or electronic copy of the Energy Savings Report. The report will provide specific recommendations for retrofit opportunities and serve as the basis for qualifying and prioritizing projects going forward. The Energy Savings Report will contain the following information:

- Report of current building conditions
- Recommendations for energy efficiency upgrades including,
- Equipment specifications
- Estimated energy savings
- Estimated cost savings
- Estimated project payback
- Available program incentives

A database of existing equipment conditions collected from these assessments will allow program staff to provide follow-up and advice to property owner/manager based on the specific recommendations in their report. If the property owner/manager is unable to make an immediate investment this database will allow the program team to provide long-term support and engagement with them through follow-up on opportunities.

Direct Install

After completion of the Building Assessment, the property owner/manager will be scheduled to receive direct installation of no cost energy savings measures at their facility, if they have not already completed these either on their own or through the program. No cost items will be installed by program staff as dictated by program rules in order to provide direct benefits to participants. Measures will be installed in-unit and in common areas to maximize energy savings. Measures include both electric and natural gas as listed here:

- LED lighting
- Low-flow showerheads
- Kitchen and bath aerators
- Pipe wrap
- Thermostats (where applicable)
- In-unit smart 7 plug power strips
- Shower start valves
- In-unit refrigerator replacement

Benchmarking

Qualifying property owners/managers who have expressed interest in tracking their energy performance may have their facilities enrolled in ENERGY STAR Portfolio Manager, or other

benchmarking software in order to benchmark the performance of their facility pre and post project completion. This will be executed through a referral process to the Consumers Energy Landlord Portal by program staff. Benchmarking will be utilized as a tool to help multifamily property owners and managers better understand the energy use of their buildings and the factors that impact overall performance.

Incentives

In addition to the direct install measures offered, the following incentive types will be available:

Prescriptive Incentives: Incentives are paid on a per measure basis where a standard savings value per measure has been deemed. Measures are offered in the following categories:

- Lighting
- Mechanical
- Building Envelope & Controls

Custom Incentives: Paid on a per measure basis with savings calculated specifically for each project. These incentives are intended to cover all energy saving measures that are not included in the prescriptive measures and are paid on cents per kWh saved and dollars per MCF of natural gas saved.

Multiple Measure Bonus Incentive: Property owners are eligible to receive this bonus of 15% when completing measure in two or more measure categories as listed in the application.

Low Income Housing Tax Credits (LIHTC) Properties

Consumers Energy will cover up to 100% of an ASHRAE Level 2 audit, not to exceed \$10,000 per property for properties applying for LIHTC through MSHDA. Consumers Energy will use a vetted group of third party service providers to complete these audits for qualifying properties.

Properties applying for LIHTC will also be eligible to receive an 18 month reservation for their project. Upon submission of the pre-application, the applicant will also be required to provide proof of tax credit approval in order to be eligible for the 18 month reservation timeline.

Consumers Energy will work with MSHDA to get connected with tax credit applicants and to obtain a list of applicants allocated tax credits in the current cycle.

ATTACHMENT C

Attachment C

U-18261
Page 1

2018 - 2021 Energy Efficiency Plan Performance Metrics
Electric Service

Line No.	Performance Metric	Description	Weight	Year	Performance Requirements		Financial Incentive ⁽¹⁾ ⁽²⁾ (% of Investment)	
					Minimum	Maximum	Minimum	Maximum
1	Lifetime Energy Savings	Lifetime MWh savings for exceeding 1.0% annual reduction (based on a sliding scale)	80.00%	2018	4,100,952 MWh	6,151,428 MWh	12.50%	16.00%
				2019	4,187,233 MWh	6,280,850 MWh		
				2020	4,271,220 MWh	6,406,830 MWh		
				2021	4,293,886 MWh	6,440,829 MWh		
2	Low Income Lifetime Savings ⁽³⁾	Lifetime MWh savings from programs targeted exclusively to low income customers	15.00%	2018	53,349 MWh	80,024 MWh	1.50%	3.00%
				2019	53,215 MWh	79,822 MWh		
				2020	53,028 MWh	79,543 MWh		
				2021	53,028 MWh	79,543 MWh		
3	Low Income Multifamily Energy Assessments ⁽³⁾	Percentage of electric and combination properties participating in the Income Qualified Multifamily program receiving an energy assessment	10.00%	2018	23%	28%	1.00%	2.00%
				2019	33%	38%		
				2020	38%	43%		
				2021	43%	48%		

Notes:

(1) Eligibility to earn financial incentives is determined first by demonstrating achievement of the annual incremental savings thresholds established in Section 75 of Public Act 342 of 2016.

(2) Financial incentive based on sliding scale between minimum and maximum caps. Total not to exceed 100% of the financial incentive cap of 20%.

(3) Low income single and multifamily program budgets must be expended to earn any incentive related to the low income metrics. In 2020 and 2021 the multifamily metrics will be converted from assessments to measures.

Consumers Energy - Energy Waste Reduction Program																								
Recommended Financial Incentive Structure for Electric																								
Requirement: Annual 1st Year Savings Goal						Metric 1: Annual Lifetime Savings Goal						Metric 2: Low Income Programs						Metric 3: Multi-Family Programs						
Forecasted baselines MWh						Forecasted baselines MWh						Lifetime Low-Income Savings MWh						Percentage of Properties						
PA 342 Sec 75(1)						Lifetime MWh savings for exceeding 1.0% annual reduction						Lifetime MWh savings from programs targeted exclusively to low income customers						Percentage of electric and combination properties participating in the Income Qualified Multifamily program receiving an energy assessment						
						Savings weighted at 80%						Weighted at 15%						Weighted 10%						
	2018	2019	2020	2021	Incentive		2018	2019	2020	2021	Incentive		2018	2019	2020	2021	Incentive		2018	2019	2020	2021	Incentive	
Tier 1	332,600	334,979	334,473	336,775	15.00%	Tier 1	4,100,952	4,187,233	4,271,220	4,293,886	12.50%	Tier 1	53,349	53,215	53,028	53,028	1.50%	Tier 1	23.0%	23.0%	23.0%	23.0%	1.00%	
	335,926	338,329	337,818	340,143	15.10%		4,141,962	4,229,105	4,313,932	4,336,825	12.57%		53,883	53,747	53,558	53,558	1.53%		23.1%	23.1%	23.1%	23.1%	1.02%	
	339,252	341,679	341,162	343,511	15.20%		4,182,971	4,270,978	4,356,644	4,379,764	12.64%		54,416	54,279	54,089	54,089	1.56%		23.2%	23.2%	23.2%	23.2%	1.04%	
	342,578	345,028	344,507	346,878	15.30%		4,223,981	4,312,850	4,399,357	4,422,703	12.71%		54,950	54,811	54,619	54,619	1.59%		23.3%	23.3%	23.3%	23.3%	1.06%	
	345,904	348,378	347,852	350,246	15.40%		4,264,990	4,354,722	4,442,069	4,465,641	12.78%		55,483	55,344	55,149	55,149	1.62%		23.4%	23.4%	23.4%	23.4%	1.08%	
	349,230	351,728	351,197	353,614	15.50%		4,306,000	4,396,595	4,484,781	4,508,580	12.85%		56,017	55,876	55,680	55,680	1.65%		23.5%	23.5%	23.5%	23.5%	1.10%	
	352,556	355,078	354,541	356,982	15.60%		4,347,009	4,438,467	4,527,493	4,551,519	12.92%		56,550	56,408	56,210	56,210	1.68%		23.6%	23.6%	23.6%	23.6%	1.12%	
	355,882	358,427	357,886	360,349	15.70%		4,388,019	4,480,339	4,570,205	4,594,458	12.99%		57,084	56,940	56,740	56,740	1.71%		23.7%	23.7%	23.7%	23.7%	1.14%	
	359,208	361,777	361,231	363,717	15.80%		4,429,028	4,522,212	4,612,918	4,637,397	13.06%		57,617	57,472	57,270	57,270	1.74%		23.8%	23.8%	23.8%	23.8%	1.16%	
	362,534	365,127	364,575	367,085	15.90%		4,470,038	4,564,084	4,655,630	4,680,336	13.13%		58,151	58,004	57,801	57,801	1.77%		23.9%	23.9%	23.9%	23.9%	1.18%	
	365,860	368,477	367,920	370,453	16.00%		4,511,047	4,605,956	4,698,342	4,723,275	13.20%		58,684	58,536	58,331	58,331	1.80%		24.0%	24.0%	24.0%	24.0%	1.20%	
	369,186	371,827	371,265	373,820	16.10%		4,552,057	4,647,829	4,741,054	4,766,213	13.27%		59,218	59,069	58,861	58,861	1.83%		24.1%	24.1%	24.1%	24.1%	1.22%	
	372,512	375,176	374,610	377,188	16.20%		4,593,066	4,689,701	4,783,766	4,809,152	13.34%		59,751	59,601	59,392	59,392	1.86%		24.2%	24.2%	24.2%	24.2%	1.24%	
	375,838	378,526	377,954	380,556	16.30%		4,634,076	4,731,573	4,826,479	4,852,091	13.41%		60,285	60,133	59,922	59,922	1.89%		24.3%	24.3%	24.3%	24.3%	1.26%	
	379,164	381,876	381,299	383,924	16.40%		4,675,085	4,773,446	4,869,191	4,895,030	13.48%		60,818	60,665	60,452	60,452	1.92%		24.4%	24.4%	24.4%	24.4%	1.28%	
	382,490	385,226	384,644	387,291	16.50%		4,716,095	4,815,318	4,911,903	4,937,969	13.55%		61,352	61,197	60,983	60,983	1.95%		24.5%	24.5%	24.5%	24.5%	1.30%	
	385,816	388,575	387,989	390,659	16.60%		4,757,104	4,857,190	4,954,615	4,980,908	13.62%		61,885	61,729	61,513	61,513	1.98%		24.6%	24.6%	24.6%	24.6%	1.32%	
	389,142	391,925	391,333	394,027	16.70%		4,798,114	4,899,063	4,997,327	5,023,847	13.69%		62,419	62,261	62,043	62,043	2.01%		24.7%	24.7%	24.7%	24.7%	1.34%	
	392,468	395,275	394,678	397,395	16.80%		4,839,123	4,940,935	5,040,040	5,066,785	13.76%		62,952	62,794	62,573	62,573	2.04%		24.8%	24.8%	24.8%	24.8%	1.36%	
	395,794	398,625	398,023	400,762	16.90%		4,880,133	4,982,807	5,082,752	5,109,724	13.83%		63,486	63,326	63,104	63,104	2.07%		24.9%	24.9%	24.9%	24.9%	1.38%	
	399,120	401,975	401,367	404,130	17.00%		4,921,142	5,024,680	5,125,464	5,152,663	13.90%		64,019	63,858	63,634	63,634	2.10%		25.0%	25.0%	25.0%	25.0%	1.40%	
	402,446	405,324	404,712	407,498	17.10%		4,962,152	5,066,552	5,168,176	5,195,602	13.97%		64,553	64,390	64,164	64,164	2.13%		25.1%	25.1%	25.1%	25.1%	1.42%	
	405,772	408,674	408,057	410,866	17.20%		5,003,161	5,108,424	5,210,888	5,238,541	14.04%		65,086	64,922	64,695	64,695	2.16%		25.2%	25.2%	25.2%	25.2%	1.44%	
	409,098	412,024	411,402	414,233	17.30%		5,044,171	5,150,297	5,253,601	5,281,480	14.11%		65,620	65,454	65,225	65,225	2.19%		25.3%	25.3%	25.3%	25.3%	1.46%	
	412,424	415,374	414,746	417,601	17.40%		5,085,180	5,192,169	5,296,313	5,324,419	14.18%		66,153	65,986	65,755	65,755	2.22%		25.4%	25.4%	25.4%	25.4%	1.48%	
Tier 2	415,750	418,724	418,091	420,969	17.50%	Tier 2	5,126,190	5,234,042	5,339,025	5,367,358	14.25%	Tier 2	66,687	66,519	66,286	66,286	2.25%	Tier 2	25.5%	25.5%	25.5%	25.5%	1.50%	
	419,075	422,073	421,436	424,337	17.60%		5,167,200	5,275,914	5,381,737	5,410,296	14.32%		67,220	67,051	66,816	66,816	2.28%		25.6%	25.6%	25.6%	25.6%	1.52%	
	422,401	425,423	424,780	427,705	17.70%		5,208,209	5,317,786	5,424,449	5,453,235	14.39%		67,754	67,583	67,346	67,346	2.31%		25.7%	25.7%	25.7%	25.7%	1.54%	
	425,727	428,773	428,125	431,072	17.80%		5,249,219	5,359,659	5,467,162	5,496,174	14.46%		68,287	68,115	67,876	67,876	2.34%		25.8%	25.8%	25.8%	25.8%	1.56%	
	429,053	432,123	431,470	434,440	17.90%		5,290,228	5,401,531	5,509,874	5,539,113	14.53%		68,821	68,647	68,407	68,407	2.37%		25.9%	25.9%	25.9%	25.9%	1.58%	
	432,379	435,472	434,815	437,808	18.00%		5,331,238	5,443,403	5,552,586	5,582,052	14.60%		69,354	69,179	68,937	68,937	2.40%		26.0%	26.0%	26.0%	26.0%	1.60%	
	435,705	438,822	438,159	441,176	18.10%		5,372,247	5,485,276	5,595,298	5,624,991	14.67%		69,888	69,711	69,467	69,467	2.43%		26.1%	26.1%	26.1%	26.1%	1.62%	
	439,031	442,172	441,504	444,543	18.20%		5,413,257	5,527,148	5,638,010	5,667,930	14.74%		70,421	70,243	69,998	69,998	2.46%		26.2%	26.2%	26.2%	26.2%	1.64%	
	442,357	445,522	444,849	447,911	18.30%		5,454,266	5,569,020	5,680,723	5,710,868	14.81%		70,955	70,776	70,528	70,528	2.49%		26.3%	26.3%	26.3%	26.3%	1.66%	
	445,683	448,872	448,193	451,279	18.40%		5,495,276	5,610,893	5,723,435	5,753,807	14.88%		71,488	71,308	71,058	71,058	2.52%		26.4%	26.4%	26.4%	26.4%	1.68%	
	449,009	452,221	451,538	454,647	18.50%		5,536,285	5,652,765	5,766,147	5,796,746	14.95%		72,022	71,840	71,589	71,589	2.55%		26.5%	26.5%	26.5%	26.5%	1.70%	
	452,335	455,571	454,883	458,014	18.60%		5,577,295	5,694,637	5,808,859	5,839,685	15.02%		72,555	72,372	72,119	72,119	2.58%		26.6%	26.6%	26.6%	26.6%	1.72%	
	455,661	458,921	458,228	461,382	18.70%		5,618,304	5,736,510	5,851,571	5,882,624	15.09%		73,089	72,904	72,649	72,649	2.61%		26.7%	26.7%	26.7%	26.7%	1.74%	
	458,987	462,271	461,572	464,750	18.80%		5,659,314	5,778,382	5,894,284	5,925,563	15.16%		73,622	73,436	73,179	73,179	2.64%		26.8%	26.8%	26.8%	26.8%	1.76%	
	462,313	465,620	464,917	468,118	18.90%		5,700,323	5,820,254	5,936,996	5,968,502	15.23%		74,156	73,968	73,710	73,710	2.67%		26.9%	26.9%	26.9%	26.9%	1.78%	
	465,639	468,970	468,262	471,485	19.00%		5,741,333	5,862,127	5,979,708	6,011,440	15.30%		74,689	74,501	74,240	74,240	2.70%		27.0%	27.0%	27.0%	27.0%	1.80%	
	468,965	472,320	471,607	474,853	19.10%		5,782,342	5,903,999	6,022,420	6,054,379	15.37%		75,223	75,033	74,770	74,770	2.73%		27.1%	27.1%	27.1%	27.1%	1.82%	
	472,291	475,670	474,951	478,221	19.20%		5,823,352	5,945,871	6,065,132	6,097,318	15.44%		75,756	75,565	75,301	75,301	2.76%		27.2%	27.2%	27.2%	27.2%	1.84%	
	475,617	479,020	478,296	481,589	19.30%		5,864,361	5,987,744	6,107,8															

Attachment C

U-18261
Page 32018 - 2021 Energy Efficiency Plan Performance Metrics
Gas Service

Line No.	Performance Metric	Description	Weight	Year	Performance Requirements		Financial Incentive ⁽¹⁾ (²) (% of Investment)	
					Minimum	Maximum	Minimum	Maximum
1	Lifetime Energy Savings	Lifetime Mcf savings for exceeding 0.75% annual reduction (based on a sliding scale)	80.00%	2018	22,526,960 Mcf	30,035,947 Mcf	12.50%	16.00%
				2019	22,981,529 Mcf	30,642,038 Mcf		
				2020	23,209,885 Mcf	30,946,513 Mcf		
				2021	23,425,020 Mcf	31,233,360 Mcf		
2	Low Income Lifetime Savings ⁽³⁾	Lifetime Mcf savings from programs targeted exclusively to low income customers	15.00%	2018	816,258 Mcf	1,224,387 Mcf	1.50%	3.00%
				2019	816,258 Mcf	1,224,387 Mcf		
				2020	816,258 Mcf	1,224,387 Mcf		
				2021	816,258 Mcf	1,224,387 Mcf		
3	Low Income Multifamily Energy Assessments ⁽³⁾	Percentage of gas and combination properties participating in the Income Qualified Multifamily program receiving an energy assessment	10.00%	2018	23%	28%	1.00%	2.00%
				2019	33%	38%		
				2020	38%	43%		
				2021	43%	48%		

Notes:

(1) Eligibility to earn financial incentives is determined first by demonstrating achievement of the annual incremental savings thresholds established in Section 75 of Public Act 342 of 2016.

(2) Financial incentive based on sliding scale between minimum and maximum caps. Total not to exceed 100% of the financial incentive cap of 20%.

(3) Low income single and multifamily program budgets must be expended to earn any incentive related to the low income metrics. In 2020 and 2021 the multifamily metrics will be converted from assessments to measures.

Consumers Energy - Energy Waste Reduction Program																																		
Recommended Financial Incentive Structure for Gas																																		
Requirement: Annual 1st Year Savings Goal						Metric 1: Annual Lifetime Savings Goal						Metric 2: Low Income Programs						Metric 3: Multi-Family Programs																
Forecasted baselines Mcf						Forecasted baselines Mcf						Lifetime Low-Income Savings Mcf						Percentage of Properties																
PA 342 Sec 75(1)						Lifetime Mcf savings for exceeding 0.75% annual reduction						Lifetime Mcf savings from programs targeted exclusively to low income customers						Percentage of gas and combination properties participating in the Income Qualified Multifamily program receiving an energy assessment																
Savings weighted at 80%												Weighted at 15%												Weighted 10%										
	2018	2019	2020	2021	Incentive		2018	2019	2020	2021	Incentive		2018	2019	2020	2021	Incentive		2018	2019	2020	2021	Incentive											
Tier 1	1,923,737	1,936,102	1,948,773	1,961,895	15.00%	Tier 1	22,526,960	22,981,529	23,209,885	23,425,020	12.50%	Tier 1	816,258	816,258	816,258	816,258	1.50%	Tier 1	23.0%	23.0%	23.0%	23.0%	1.00%											
	1,936,562	1,949,009	1,961,765	1,974,974	15.10%		22,677,140	23,134,739	23,364,618	23,581,187	12.57%		824,421	824,421	824,421	824,421	1.53%		23.1%	23.1%	23.1%	23.1%	1.02%											
	1,949,387	1,961,917	1,974,757	1,988,054	15.20%		22,827,319	23,287,949	23,519,350	23,737,354	12.64%		832,583	832,583	832,583	832,583	1.56%		23.2%	23.2%	23.2%	23.2%	1.04%											
	1,962,212	1,974,824	1,987,748	2,001,133	15.30%		22,977,499	23,441,160	23,674,083	23,893,520	12.71%		840,746	840,746	840,746	840,746	1.59%		23.3%	23.3%	23.3%	23.3%	1.06%											
	1,975,037	1,987,731	2,000,740	2,014,212	15.40%		23,127,679	23,594,370	23,828,815	24,049,687	12.78%		848,908	848,908	848,908	848,908	1.62%		23.4%	23.4%	23.4%	23.4%	1.08%											
	1,987,862	2,000,639	2,013,732	2,027,291	15.50%		23,277,859	23,747,580	23,983,548	24,205,854	12.85%		857,071	857,071	857,071	857,071	1.65%		23.5%	23.5%	23.5%	23.5%	1.10%											
	2,000,687	2,013,546	2,026,724	2,040,371	15.60%		23,428,038	23,900,790	24,138,280	24,362,021	12.92%		865,233	865,233	865,233	865,233	1.68%		23.6%	23.6%	23.6%	23.6%	1.12%											
	2,013,511	2,026,453	2,039,716	2,053,450	15.70%		23,578,218	24,054,000	24,293,013	24,518,188	12.99%		873,396	873,396	873,396	873,396	1.71%		23.7%	23.7%	23.7%	23.7%	1.14%											
	2,026,336	2,039,361	2,052,708	2,066,529	15.80%		23,728,398	24,207,210	24,447,745	24,674,354	13.06%		881,559	881,559	881,559	881,559	1.74%		23.8%	23.8%	23.8%	23.8%	1.16%											
	2,039,161	2,052,268	2,065,699	2,079,609	15.90%		23,878,578	24,360,421	24,602,478	24,830,521	13.13%		889,721	889,721	889,721	889,721	1.77%		23.9%	23.9%	23.9%	23.9%	1.18%											
	2,051,986	2,065,175	2,078,691	2,092,688	16.00%		24,028,757	24,513,631	24,757,211	24,986,688	13.20%		897,884	897,884	897,884	897,884	1.80%		24.0%	24.0%	24.0%	24.0%	1.20%											
	2,064,811	2,078,083	2,091,683	2,105,767	16.10%		24,178,937	24,666,841	24,911,943	25,142,855	13.27%		906,046	906,046	906,046	906,046	1.83%		24.1%	24.1%	24.1%	24.1%	1.22%											
	2,077,636	2,090,990	2,104,675	2,118,846	16.20%		24,329,117	24,820,051	25,066,676	25,299,022	13.34%		914,209	914,209	914,209	914,209	1.86%		24.2%	24.2%	24.2%	24.2%	1.24%											
	2,090,461	2,103,897	2,117,667	2,131,926	16.30%		24,479,297	24,973,261	25,221,408	25,455,188	13.41%		922,372	922,372	922,372	922,372	1.89%		24.3%	24.3%	24.3%	24.3%	1.26%											
	2,103,286	2,116,805	2,130,658	2,145,005	16.40%		24,629,476	25,126,472	25,376,141	25,611,355	13.48%		930,534	930,534	930,534	930,534	1.92%		24.4%	24.4%	24.4%	24.4%	1.28%											
	2,116,111	2,129,712	2,143,650	2,158,084	16.50%		24,779,656	25,279,682	25,530,873	25,767,522	13.55%		938,697	938,697	938,697	938,697	1.95%		24.5%	24.5%	24.5%	24.5%	1.30%											
	2,128,936	2,142,619	2,156,642	2,171,163	16.60%		24,929,836	25,432,892	25,685,606	25,923,689	13.62%		946,859	946,859	946,859	946,859	1.98%		24.6%	24.6%	24.6%	24.6%	1.32%											
	2,141,761	2,155,527	2,169,634	2,184,243	16.70%		25,080,016	25,586,102	25,840,339	26,079,856	13.69%		955,022	955,022	955,022	955,022	2.01%		24.7%	24.7%	24.7%	24.7%	1.34%											
	2,154,586	2,168,434	2,182,626	2,197,322	16.80%		25,230,195	25,739,312	25,995,071	26,236,022	13.76%		963,184	963,184	963,184	963,184	2.04%		24.8%	24.8%	24.8%	24.8%	1.36%											
	2,167,410	2,181,341	2,195,618	2,210,401	16.90%		25,380,375	25,892,522	26,149,804	26,392,189	13.83%		971,347	971,347	971,347	971,347	2.07%		24.9%	24.9%	24.9%	24.9%	1.38%											
	2,180,235	2,194,249	2,208,609	2,223,481	17.00%		25,530,555	26,045,733	26,304,536	26,548,535	13.90%		979,510	979,510	979,510	979,510	2.10%		25.0%	25.0%	25.0%	25.0%	1.40%											
	2,193,060	2,207,156	2,221,601	2,236,560	17.10%		25,680,735	26,198,943	26,459,269	26,704,523	13.97%		987,672	987,672	987,672	987,672	2.13%		25.1%	25.1%	25.1%	25.1%	1.42%											
	2,205,885	2,220,063	2,234,953	2,249,639	17.20%		25,830,914	26,352,153	26,614,001	26,860,690	14.04%		995,835	995,835	995,835	995,835	2.16%		25.2%	25.2%	25.2%	25.2%	1.44%											
	2,218,710	2,232,971	2,247,585	2,262,718	17.30%		25,981,094	26,505,363	26,768,734	27,016,856	14.11%		1,003,997	1,003,997	1,003,997	1,003,997	2.19%		25.3%	25.3%	25.3%	25.3%	1.46%											
	2,231,535	2,245,878	2,260,577	2,275,798	17.40%		26,131,274	26,658,573	26,923,466	27,173,023	14.18%		1,012,160	1,012,160	1,012,160	1,012,160	2.22%		25.4%	25.4%	25.4%	25.4%	1.48%											
Tier 2	2,244,360	2,258,786	2,273,569	2,288,877	17.50%	Tier 2	26,281,454	26,811,784	27,078,199	27,329,190	14.25%	Tier 2	1,020,323	1,020,323	1,020,323	1,020,323	2.25%	Tier 2	25.5%	25.5%	25.5%	25.5%	1.50%											
	2,257,185	2,271,693	2,286,560	2,301,956	17.60%		26,431,633	26,964,994	27,232,932	27,485,357	14.32%		1,028,485	1,028,485	1,028,485	1,028,485	2.28%		25.6%	25.6%	25.6%	25.6%	1.52%											
	2,270,010	2,284,600	2,299,552	2,315,036	17.70%		26,581,813	27,118,204	27,387,664	27,641,524	14.39%		1,036,648	1,036,648	1,036,648	1,036,648	2.31%		25.7%	25.7%	25.7%	25.7%	1.54%											
	2,282,835	2,297,508	2,312,544	2,328,115	17.80%		26,731,993	27,271,414	27,542,397	27,797,690	14.46%		1,044,810	1,044,810	1,044,810	1,044,810	2.34%		25.8%	25.8%	25.8%	25.8%	1.56%											
	2,295,660	2,310,415	2,325,536	2,341,194	17.90%		26,882,172	27,424,624	27,697,129	27,953,857	14.53%		1,052,973	1,052,973	1,052,973	1,052,973	2.37%		25.9%	25.9%	25.9%	25.9%	1.58%											
	2,308,485	2,323,322	2,338,528	2,354,273	18.00%		27,032,352	27,577,834	27,851,862	28,110,024	14.60%		1,061,135	1,061,135	1,061,135	1,061,135	2.40%		26.0%	26.0%	26.0%	26.0%	1.60%											
	2,321,310	2,336,230	2,351,519	2,367,353	18.10%		27,182,532	27,731,045	28,006,594	28,266,191	14.67%		1,069,298	1,069,298	1,069,298	1,069,298	2.43%		26.1%	26.1%	26.1%	26.1%	1.62%											
	2,334,134	2,349,137	2,364,511	2,380,432	18.20%		27,332,712	27,884,255	28,161,327	28,422,358	14.74%		1,077,461	1,077,461	1,077,461	1,077,461	2.46%		26.2%	26.2%	26.2%	26.2%	1.64%											
	2,346,959	2,362,044	2,377,503	2,393,511	18.30%		27,482,891	28,037,465	28,316,059	28,578,524	14.81%		1,085,623	1,085,623	1,085,623	1,085,623	2.49%		26.3%	26.3%	26.3%	26.3%	1.66%											
	2,359,784	2,374,952	2,390,495	2,406,591	18.40%		27,633,071	28,190,675	28,470,792	28,734,691	14.88%		1,093,786	1,093,786	1,093,786	1,093,786	2.52%		26.4%	26.4%	26.4%	26.4%	1.68%											
	2,372,609	2,387,859	2,403,487	2,419,670	18.50%		27,783,251	28,343,885	28,625,525	28,890,858	14.95%		1,101,948	1,101,948	1,101,948	1,101,948	2.55%		26.5%	26.5%	26.5%	26.5%	1.70%											
	2,385,434	2,400,766	2,416,479	2,432,749	18.60%		27,933,431	28,497,095	28,780,257	29,047,025	15.02%		1,110,111	1,110,111	1,110,111	1,110,111	2.58%		26.6%	26.6%	26.6%	26.6%	1.72%											
	2,398,259	2,413,674	2,429,470	2,445,828	18.70%		28,083,610	28,650,306	28,934,990	29,203,192	15.09%		1,118,273	1,118,273	1,118,273	1,118,273	2.61%		26.7%	26.7%	26.7%	26.7%	1.74%											
	2,411,084	2,426,581	2,442,462	2,458,908	18.80%		28,233,790	28,803,516	29,089,722	29,359,358	15.16%		1,126,436	1,126,436	1,126,436	1,126,436	2.64%		26.8%	26.8%	26.8%	26.8%	1.76%											
	2,423,909	2,439,488	2,455,454	2,471,987	18.90%		28,383,970	28,956,726	29,244,455	29,515,525	15.23%		1,134,599	1,134,599	1,134,599	1,134,599	2.67%		26.9%	26.9%	26.9%	26.9%	1.78%											
	2,436,734	2,452,396	2,468,446	2,485,066	19.00%		28,534,150	29,109,936	29,399,187	29,671,692	15.30%		1,142,761	1,142,761																				

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Calculation of Annual Energy Savings Targets
Electric Service (Megawatt-hours)

		(a)	(b)	(c)	(d)	(e)
Line No.	Description	2017	2018	2019	2020	2021
1	Retail Electric Sales	33,259,951	33,497,867	33,447,299	33,677,537	33,802,292
2	Pior Year Weather Normal Sales		33,259,951	33,497,867	33,447,299	33,677,537
3	Electric Statutory Savings Percentage		1.0%	1.0%	1.0%	1.0%
4	Electric Statutory Savings Target		332,600	334,979	334,473	336,775

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Page 2Calculation of Annual Energy Savings Targets
Natural Gas Service (Thousand Cubic Feet)

		(a)	(b)	(c)	(d)	(e)
Line No.	Description	2017	2018	2019	2020	2021
1	Retail Gas Sales	222,498,000	221,995,000	221,540,000	221,307,000	221,483,000
2	Total Transportation Deliveries	78,933,000	79,359,000	79,806,000	80,401,000	80,939,000
3	Small & Medium Business (< 100,000 Mcf)	25,148,000	25,294,000	25,447,000	25,650,000	25,835,000
4	Large Business (≥ 100,000 Mcf)	53,785,000	54,065,000	54,359,000	54,751,000	55,104,000
5	Savings Reduction Factor (%)	16.5%	20.1%	23.6%	26.7%	26.4%
6	Adjusted Transport ≥ 100,000 Mcf	8,852,264	10,857,910	12,849,384	14,628,933	14,549,386
7	Total Adjusted Gas Deliveries	256,498,264	258,146,910	259,836,384	261,585,933	261,867,386
8	Prior Year Weather Normal		256,498,264	258,146,910	259,836,384	261,585,933
9	Gas Statutory Savings Percentage		0.75%	0.75%	0.75%	0.75%
10	Gas Statutory Savings Target		1,923,737	1,936,102	1,948,773	1,961,895

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Calculation of Annual Energy Savings Targets
Savings Reduction Factor

		(a)	(b)	(c)	(d)	(e)
Line No.	Description	2017	2018	2019	2020	2021
1	Large Business Revenue (\$)	\$ 34,014,000	\$ 42,254,000	\$ 49,976,000	\$ 58,491,000	\$ 58,912,000
2	Large Business Deliveries (Mcf)	53,785,000	54,065,000	54,359,000	54,751,000	55,104,000
3	Average GCR Rate (\$/Mcf)	\$ 3.2100	\$ 3.1100	\$ 2.9700	\$ 2.9300	\$ 2.9800
4	Imputed Commodity Revenue (\$)	\$ 172,649,850	\$ 168,142,150	\$ 161,446,230	\$ 160,420,430	\$ 164,209,920
5	Imputed Large Business Revenue (\$)	\$ 206,663,850	\$ 210,396,150	\$ 211,422,230	\$ 218,911,430	\$ 223,121,920
6	Savings Reduction Factor (%)	16.5%	20.1%	23.6%	26.7%	26.4%

Line No.	Description	Investments				First Year Energy Savings				Lifetime Energy Savings			
		2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
		(\$)	(\$)	(\$)	(\$)	(MWh)	(MWh)	(MWh)	(MWh)	(MWh)	(MWh)	(MWh)	(MWh)
Residential Class													
1	Appliance Recycling	\$ 5,045,987	\$ 5,127,315	\$ 5,210,677	\$ 5,296,123	25,011	25,011	25,011	25,011	214,782	214,782	214,782	214,782
2	ENERGY STAR Appliances	527,855	530,743	568,703	571,737	1,583	1,583	1,756	1,756	15,824	15,824	17,553	17,553
3	ENERGY STAR Lighting	7,713,186	7,777,396	7,843,212	7,910,673	67,473	67,473	67,473	67,473	1,012,091	1,012,091	1,012,091	1,012,091
4	Home Energy Analysis	2,740,123	2,771,019	2,802,688	2,835,148	3,164	3,164	3,164	3,164	41,761	41,761	41,761	41,761
5	Home Energy Report	986,087	982,772	836,447	837,097	41,141	31,442	21,160	21,754	41,141	31,442	21,160	21,754
6	Home Performance with ENERGY STAR	492,030	500,704	473,756	475,190	281	281	281	281	3,939	3,939	3,939	3,939
7	HVAC and Water Heating	2,773,699	2,808,726	2,844,629	2,881,429	8,619	8,619	8,619	8,619	90,527	90,527	90,527	90,527
8	Income Qualified Energy Assistance	3,794,881	3,794,881	3,794,881	3,794,881	3,280	3,280	3,280	3,280	42,361	42,361	42,361	42,361
9	Insulation and Windows Program	752,699	765,966	779,565	793,504	500	500	500	500	12,115	12,115	12,115	12,115
10	Residential Agriculture	172,979	174,225	175,502	176,811	894	894	894	894	13,465	13,465	13,465	13,465
11	Residential Multifamily	2,148,924	2,178,114	2,208,367	2,249,331	3,261	3,210	3,161	3,161	47,272	46,558	45,866	45,866
12	Residential Multifamily IQ	1,610,591	1,628,298	1,855,658	1,869,658	2,286	2,286	2,732	2,732	28,196	28,196	34,882	34,882
13	New Home Construction	556,793	565,579	574,584	583,815	240	240	240	240	4,084	4,084	4,084	4,084
14	THINK! ENERGY	837,995	852,300	866,963	881,992	1,726	1,726	1,726	1,726	24,561	24,561	24,561	24,561
15	Residential Pilot	1,849,136	1,881,242	1,908,086	1,931,417	8,666	8,136	7,609	7,641	8,666	8,136	7,609	7,641
16	Residential Subtotal	\$ 32,002,964	\$ 32,339,280	\$ 32,743,718	\$ 33,088,806	168,127	157,846	147,608	148,233	1,600,786.6	1,589,843.0	1,586,757.0	1,587,382.5
Business Class													
17	Business Solutions	\$ 56,576,025	\$ 53,386,009	\$ 53,840,801	\$ 54,434,013	283,353	255,468	255,468	255,468	4,278,930	3,869,442	3,869,442	3,869,442
18	Small Business Direct Install	9,655,237	9,072,703	9,142,301	9,213,638	36,120	33,304	33,304	33,304	499,648	461,948	461,948	461,948
19	Business Multifamily	417,596	416,127	414,637	414,637	2,647	2,631	2,614	2,614	40,459	40,231	39,975	39,975
20	Electric Self-directed	-	-	-	-	-	-	-	-	-	-	-	-
21	Business Pilots	4,087,135	3,883,467	3,923,005	3,971,160	17,507	15,837	15,836	15,836	17,507	15,837	15,836	15,836
22	Business Subtotal	\$ 70,735,994	\$ 66,758,306	\$ 67,320,744	\$ 68,033,449	339,627	307,241	307,222	307,222	4,836,544	4,387,458	4,387,201	4,387,201
Support Services													
23	Utility Oversight	\$ 6,707,276	\$ 6,876,276	\$ 7,049,533	\$ 7,227,156	-	-	-	-	-	-	-	-
24	Tracking System	1,111,724	1,139,736	1,168,453	1,197,894	-	-	-	-	-	-	-	-
25	Education & Awareness	3,561,763	3,458,825	3,498,655	3,541,546	15,704	14,384	14,067	14,087	15,704	14,384	14,067	14,087
26	EM&V	4,605,698	4,721,745	4,840,717	4,962,685	-	-	-	-	-	-	-	-
27	Support Services Subtotal	\$ 15,986,462	\$ 16,196,582	\$ 16,557,357	\$ 16,929,281	15,704	14,384	14,067	14,087	15,704	14,384	14,067	14,087
28	Total Energy Efficiency Portfolio	\$ 118,725,419	\$ 115,294,168	\$ 116,621,819	\$ 118,051,535	523,458	479,471	468,897	469,542	6,453,034	5,991,685	5,988,025	5,988,670

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Line No.	Description	Investments				First Year Energy Savings				Lifetime Energy Savings			
		2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
		(\$)	(\$)	(\$)	(\$)	(Mcf)	(Mcf)	(Mcf)	(Mcf)	(Mcf)	(Mcf)	(Mcf)	(Mcf)
Residential Class													
1	Appliance Recycling	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-	-	-
2	ENERGY STAR Appliances	623,737	625,662	627,636	629,658	40,976	40,976	40,976	40,976	372,766	372,766	372,766	372,766
3	ENERGY STAR Lighting	-	-	-	-	-	-	-	-	-	-	-	-
4	Home Energy Analysis	2,176,258	2,196,856	2,217,969	2,239,609	88,370	88,370	88,370	88,370	908,124	908,124	908,124	908,124
5	Home Energy Report	1,069,742	976,956	857,286	865,118	231,577	199,335	182,334	180,851	231,577	199,335	182,334	180,851
6	Home Performance with ENERGY STAR	964,108	969,890	951,925	952,882	25,257	25,257	25,257	25,257	404,378	404,378	404,378	404,378
7	HVAC and Water Heating	9,938,554	10,020,284	10,106,057	10,300,925	533,686	533,686	533,854	539,582	7,079,238	7,079,238	7,081,770	7,167,684
8	Income Qualified Energy Assistance	7,342,593	7,342,593	7,342,593	7,342,593	58,038	58,038	58,038	58,038	720,866	720,866	720,866	720,866
9	Insulation and Windows Program	1,683,345	1,692,190	1,701,256	1,710,549	53,001	53,001	53,001	53,001	1,260,141	1,260,141	1,260,141	1,260,141
10	Residential Agriculture	-	-	-	-	-	-	-	-	-	-	-	-
11	Residential Multifamily	2,542,080	2,562,098	2,588,742	2,616,051	103,875	103,222	103,222	103,222	1,421,042	1,412,426	1,412,426	1,412,426
12	Residential Multifamily IQ	4,044,896	4,027,478	4,802,406	4,783,319	32,905	32,905	42,875	42,829	386,283	386,283	493,078	492,288
13	New Home Construction	1,073,329	1,079,186	1,085,190	1,091,343	17,312	17,312	17,312	17,312	288,342	288,342	288,342	288,342
14	THINK! ENERGY	694,841	704,377	714,153	724,172	38,932	38,932	38,932	38,932	389,316	389,316	389,316	389,316
15	Residential Pilot	1,907,911	1,913,123	1,964,049	1,982,465	66,518	64,730	64,357	64,585	66,518	64,730	64,357	64,585
16	Residential Subtotal	\$ 34,061,394	\$ 34,110,695	\$ 34,959,260	\$ 35,238,684	1,290,445	1,255,763	1,248,528	1,252,954	13,528,590.4	13,485,944.4	13,577,897.7	13,661,767.3
Business Class													
17	Business Solutions	\$ 12,913,988	\$ 13,277,405	\$ 12,665,368	\$ 12,789,539	991,202	994,295	937,320	945,037	14,561,289	14,604,591	13,806,941	13,936,661
18	Small Business Direct Install	144,879	144,879	144,879	144,879	5,518	5,518	5,518	5,518	43,480	43,480	43,480	43,480
19	Business Multifamily	431,010	429,531	428,311	428,311	26,948	26,813	26,678	26,678	343,507	341,903	340,297	340,297
20	Electric Self-directed	-	-	-	-	-	-	-	-	-	-	-	-
21	Business Pilots	800,457	823,050	788,029	796,577	55,634	55,795	52,691	53,110	55,634	55,795	52,691	53,110
22	Business Subtotal	\$ 14,290,334	\$ 14,674,865	\$ 14,026,586	\$ 14,159,306	1,079,302	1,082,421	1,022,206	1,030,343	15,003,911	15,045,770	14,243,409	14,373,548
Support Services													
23	Utility Oversight	\$ 2,262,239	\$ 2,319,239	\$ 2,377,676	\$ 2,437,585	-	-	-	-	-	-	-	-
24	Tracking System	374,964	384,412	394,097	404,027	-	-	-	-	-	-	-	-
25	Education & Awareness	1,625,021	1,641,704	1,651,246	1,667,425	73,291	72,315	70,229	70,617	73,291	72,315	70,229	70,617
26	EM&V	1,553,416	1,592,556	1,632,683	1,673,821	-	-	-	-	-	-	-	-
27	Support Services Subtotal	\$ 5,815,640	\$ 5,937,911	\$ 6,055,703	\$ 6,182,858	73,291	72,315	70,229	70,617	73,291	72,315	70,229	70,617
28	Total Energy Efficiency Portfolio	\$ 54,167,367	\$ 54,723,471	\$ 55,041,549	\$ 55,580,848	2,443,038	2,410,498	2,340,963	2,353,914	28,605,793	28,604,029	27,891,536	28,105,932